



# **SHOPRITE HOLDINGS LIMITED**

## **AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

**This is the Audit & Risk Committee Terms of Reference reviewed and approved by the Audit & Risk Committee of Shoprite Holdings Ltd at a meeting on 24 August 2023.**

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## **1. PURPOSE**

- 1.1 Section 94(2) of the Companies Act, Act 71 of 2008, as amended ("the Act"), prescribes that the shareholders of Shoprite Holdings Limited ("the Company") must at each annual general meeting ("AGM") of the Company elect an Audit and Risk Committee (the "ARC" or "Committee") comprising of at least three (3) members.
- 1.2 Section 94(7) of the Act prescribes the statutory duties of the ARC which includes the duties to perform such other oversight functions as may be determined by the Board of the Company ("the Board").
- 1.3 The purpose of this ARC Terms of Reference ("the Terms of Reference") is to record the resolution of the Board in respect of:
- how members must be nominated to stand for election to the ARC;
  - the authority of the ARC;
  - the manner in which the meetings of the ARC will be conducted;
  - those other oversight duties and functions determined by the Board to be performed by the ARC, including the statutory duties; and
  - the reporting required by the ARC.
- 1.4 The ARC does not perform management functions or assume any management responsibilities. It provides a forum for discussing business risk and control issues with the object to develop relevant recommendations for consideration by the Board.

### 1.5 The ARC serves as:

- the statutory Audit Committee appointed in terms of section 94 of the Act; and
- a committee of the Board for duties assigned to it by the Board over and above its statutory duties. The Board retains the ultimate decision-making ability on such matters.

In so far as there may be any conflict between this Terms of Reference and the Act, the Act will prevail.

## 2. **MEMBERSHIP**

2.1 The ARC will consist of at least three (3) and no more than five (5) members.

2.2 Each member of the ARC must:

2.2.1 be an independent non-executive director of the Company's Board;

2.2.2 not be:

- involved in the day-to-day management of the Group's business or have been so involved at any time during the previous financial year;
- a prescribed officer, or full-time employee, of the Group or another related or inter-related company, or have been such an officer or employee at any time during the previous three financial years; or
- a material supplier or customer of the Group, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship; and

- not be related to any person who falls within any of the criteria set out above.

2.2.3 At least one-third of the members of the ARC at any particular time must have academic qualifications, or experience, in:

- economics;
- law;
- corporate governance;
- finance and accounting;
- information technology and information systems
- commerce;
- industry;
- public affairs; or
- human resource management.

2.3 Without prejudice to the rights of shareholders to nominate a person for election as a member of the ARC, the Board will, after considering candidates proposed by the Company's Nomination Committee, procure the nomination of appropriate candidates for election to the ARC.

2.4 The Board must fill vacancies on the ARC within 40 (forty) business days after such vacancy arises.

2.5 The Board will appoint the chairman from the members of the ARC and determine the period for which he or she shall hold office. The Chairman of the Board shall not be eligible to be appointed as chairman of the ARC.

2.6 The Company Secretary shall act as the secretary of the ARC.

### **3. AUTHORITY**

3.1 In order to fulfil its obligations, the ARC has the authority to conduct or authorize investigations into any matters within its scope of responsibility. In this regard it is empowered to:

3.1.1 facilitate the resolution of any disagreements between management and the auditor regarding financial reporting;

3.1.2 retain independent counsel, accountants, or others to advise the ARC or assist in the conduct of an investigation;

3.1.3 seek any information it requires from employees of the Group, all of whom are directed to cooperate with the ARC's requests and from external parties mandated by the ARC;

3.1.4 meet with Group officers, external auditors, or outside legal counsel, as deemed necessary;

3.1.5 investigate any aspect within its Terms of Reference; and

3.1.6 institute and oversee special investigations as needed and, if appropriate, instruct legal counsel or experts to assist.

### **4. MEETINGS**

4.1 The ARC will meet at least four (4) times a year, with authority to convene additional meetings as circumstances require. The Board or any member thereof, including members of the ARC, the external auditors, and the Internal Audit Executive, may request further meetings.

4.2 The ARC may invite members of management, external and internal auditors or others to attend ARC meetings and provide specific

information, as required. The designated auditor of the Company must attend all the meetings of the ARC as observer.

- 4.3 Any member of the Board is entitled to attend any ARC meeting as an observer. However, such members are only allowed to participate with the consent of the Chairman. Only ARC members shall have a vote at meetings of the ARC with each member having one (1) vote.
- 4.4 The Chairman of the ARC will be responsible to arrange reasonable notice of meetings and ensure that meeting agendas be forwarded in advance to members of the ARC and other relevant attendees, along with appropriate documentation.
- 4.5 The quorum for decisions of the ARC shall be three (3) members of the ARC, present throughout the meeting.
- 4.6 The minutes of all meetings of the ARC, or summaries thereof, shall be submitted to the Board at the immediate following Board meeting. The agenda for each such Board meeting shall provide an opportunity for the Chairman of the ARC to report on any matters of importance as well as on the ARC's findings and recommended actions.

## **5. DUTIES**

The ARC has the following duties (including those statutory duties as set out within the Act):

### **5.1 INTERNAL CONTROL FRAMEWORK**

- 5.1.1 Evaluate whether the Group's management has established an appropriate control culture.
- 5.1.2 Consider with the Group's management and its internal and external auditors any:
- illegal acts and acts of material fraud;

- deficiencies in internal control; and
- significant risks and exposures and determine their plans to minimise such risks.

5.1.3 The internal audit function must at least once a year conduct a formal documented review of the design, implementation and effectiveness of the Group's system of internal financial controls by conducting suitable testing and report back to the ARC. The ARC will monitor the integrity of the Group's financial information and comment on the effectiveness of internal financial controls.

5.1.4 The ARC will ensure that the following disclosures are contained in the Integrated Report or the Annual Financial Statements (as best suited):

- Their views on the effectiveness of the design and implementation of internal financial controls and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error.

## 5.2 FINANCE FUNCTION AND CHIEF FINANCIAL OFFICER

The ARC must:

5.2.1 review the expertise, resources and experience of the Group's finance function;

5.2.2 consider and satisfy itself of the suitability, experience and expertise of the Company's financial director annually; and

5.2.3 ensure that its views on the effectiveness of the CFO and the Finance function are disclosed in the Integrated Report or the Annual Financial Statements (as best suited).



### 5.3 RISK ASSESSMENT AND MANAGEMENT

5.3.1 The ARC delegates to management the responsibility to implement and execute effective risk management.

5.3.2 The ARC will review, approve and recommend to the Board for approval, the Group's risk strategy, Group Risk Management Policy, Framework and tools. In this regard the ARC will specifically:

- review, approve and recommend to the Board for approval the methodologies used to identify, assess, measure, monitor and report on risks;
- review, approve and recommend to the Board for approval proposals on the setting of risk appetite limits and tolerances, including specific limits that may be set for material subsidiaries or other material business operating entities that form part of the Group; and
- monitor the alignment of risk appetite with the Group's business strategy and planned business activities.

5.3.3 The ARC will review the following:

- the adequacy and overall effectiveness of the Group's risk identification, assessment and management function and its implementation by management;
- internal controls and any recommendations; and evaluate if appropriate action has been taken; and
- Group management's annual attestations related to their respective compliance with Risk Management responsibilities.

#### 5.4 INFORMATION AND TECHNOLOGY ("IT") GOVERNANCE

5.4.1 The Board has delegated to the ARC the responsibility for the implementation and monitoring of IT governance.

5.4.2 The ARC has established an IT Terms of Reference. The IT Terms of Reference clarifies this delegated responsibility and outlines the decision-making rights, oversight responsibilities and accountability framework of the ARC for IT governance.

5.4.3 In terms of the IT Terms of Reference, the ARC:

- delegates to management the responsibility for the implementation of an IT governance framework and execution of effective technology and information management; and
- ensures that IT forms an integral part of the Company's risk management.

5.4.4 The ARC should obtain periodic independent assurance on the effectiveness of technology and information arrangements, including significant outsourced services.

5.4.5 The ARC will ensure that the following disclosures in relation to information and technology governance are contained in the Integrated Report or the Annual Financial Statements (as best suited):

- an overview of the arrangements in place for governing and managing technology and information;
- key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents;

- actions taken to monitor the effectiveness of technology and information management and how outcomes were addressed; and
- planned areas of future focus.

## 5.5 FRAUD RISK ASSESSMENT AND MANAGEMENT

5.5.1 The ARC must review measures implemented by the Group to enable employees and outside whistle-blowers (including customers and suppliers) to report anonymously their concerns about possible improprieties in matters of financial and sustainability reporting, or non-compliance with laws and regulations that may have a direct or indirect effect on integrated reporting.

5.5.2 The ARC will be informed of material actual or suspected instances of fraud in a timely manner and ensure that a formal protocol and action plan for dealing with such matters are in place. Where considered necessary, the ARC has the right to request independent investigation into any such reported matters.

5.5.3 The ARC obtains an understanding of the factors that materially increases financial reporting fraud risk and the measures put in place by management to mitigate these.

## 5.6 ETHICS

5.6.1 There are a number of statutory, common law and other requirements that cover the ethical behaviour of directors and prescribed officers of companies. In addition, the Group has established clearly defined policies. The ARC will confirm:

- management's sign-off on their responsibilities regarding the Code of Conduct and Ethics and the compliance thereof annually; and

- the Group directors' declarations of the nature and extent of their respective interests in contracts with the Group.

5.6.2 The ARC will give recommendations on any potential conflict of interest or questionable situations of a material nature.

5.6.3 The ARC obtains an understanding of the risks of bribery and corruption and the measures put in place by management to minimize these risks.

## 5.7 COMBINED ASSURANCE

5.7.1 The ARC will ensure that a combined assurance model is applied to provide a coordinated and optimised approach to all assurance activities.

5.7.2 The ARC is responsible for oversight of combined assurance activities and ensuring that combined assurance provided by internal and external assurance providers and management are sufficient to satisfy the ARC that:

- an effective internal control environment is enabled;
- combined assurance supports the integrity of information used for internal decision-making by management, the Board and its committees;
- combined assurance supports the integrity of external reports; and
- significant risk areas and material matters within the Group have been adequately addressed and suitable controls exist to mitigate and reduce these risks.

5.7.3 The relationship between the external assurance providers and the Group must be monitored by the ARC.

- 5.7.4 The ARC will assess the output of combined assurance activities with objectivity and professional scepticism by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment was achieved.
- 5.7.5 The ARC will form a view on the effectiveness of the measures in place for combined assurance.
- 5.7.6 The ARC will ensure that the arrangements in place for combined assurance and the ARC's view on its effectiveness are disclosed in the Integrated Report or the Annual Financial Statements (as best suited).

## 5.8 EXTERNAL AUDIT

The ARC must:

- 5.8.1 evaluate and approve the Group's external auditors' proposed engagement letter, the terms, nature and audit scope and approach, including the audit coordination of the Group's non-RSA entities with non-RSA external auditors and internal audit;
- 5.8.2 determine, subject to the provisions of chapter 3 of the Act, the nature and extent of any non-audit services that the auditor may provide to the Group, or that the auditor must not provide to the Group, or a related company;
- 5.8.3 pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Group as approved by the Non-Audit Services Policy;
- 5.8.4 evaluate the performance of the Group's external auditors (including the designated audit partner) and make recommendations to the

Board on the appointment or discharge of such auditors. In this regard, the ARC will:

- nominate, for appointment as auditor of the Group under section 90 of the Act, a registered auditor who, in the opinion of the ARC, is independent of the Group;
- ensure that the appointment of the auditor complies with the provisions of the Act, the Auditing Profession Act and any other relevant legislation relating to the appointment of auditors;
- ensure that external audit partner rotation occurs in line with the applicable requirements and that the proposed individual auditor does not appear on the JSE list of disqualified individual auditors when recommending an auditor for appointment or reappointment at the annual general meeting; and
- determine the fees to be paid to the auditor and the auditor's terms of engagement.

5.8.5 evaluate with Group management and the external auditors the:

- results of the Group audit, including any difficulties encountered;
- changes to the audit approach due to new perceived audit risks; and
- work undertaken to address those risks.

5.8.6 ensure that significant findings and recommendations made by the Group's external auditors are received and discussed timeously;

5.8.7 ensure that sufficient management response to recommendations by the Group's external auditors is obtained by reviewing the external auditors' management letter and management's response thereto;

- 5.8.8 consider whether any significant ventures, investments or operations are not subject to external audit, and make recommendations as to perceived problem areas the audit can address;
- 5.8.9 meet separately with the Group's external auditors to discuss any matters that the ARC or auditors believe should be discussed privately;
- 5.8.10 disclose in the Integrated Report or the Annual Financial Statements (as best suited) a statement as to whether the ARC is satisfied that the external auditor is independent of the organisation, with reference to the:
- policy and controls in place to address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year;
  - tenure of the external audit firm and significant changes in management during this time which may mitigate familiarity risk; and
  - rotation of the designated external audit partner;
- 5.8.11 disclose within the Integrated Report or the Annual Financial Statements (as best suited) the ARC's views on the quality of external audit, with reference to audit quality indicators.

## 5.9 INTERNAL AUDIT

- 5.9.1 The ARC is responsible for oversight of the Group Internal Audit Function.
- 5.9.2 The ARC will:

- evaluate and approve the internal audit Terms of Reference;
- evaluate whether the internal audit function is appropriately staffed to ensure it contains the necessary skills and resources to address the complexity and volume of risk faced by the Group. Where deemed necessary, the ARC must ensure that internal audit is supplemented by the appropriate specialist services;
- evaluate and approve the Internal Audit plan and ensure that a risk-based approach is followed in its compilation, as well as approve adaptations to the plan as a result of significant changes in the Group's risk profile;
- evaluate the performance and effectiveness of the internal audit function and the Internal Audit Executive at least annually;
- evaluate the independence and effectiveness of the Group's internal audit function and the Internal Audit Executive, including compliance with its mandate as approved by the ARC; and
- at least annually, meet separately with the Internal Audit Executive, without management present, to discuss any matters that the ARC or internal audit believe should be discussed privately.

5.9.3 The ARC will ensure that it is provided with the following, an annual:

- statement by the internal audit function as to the effectiveness of the Group's governance, risk management and control processes; and
- confirmation from the Internal Audit Executive that internal audit conforms to a recognised industry code of Ethics.



5.9.4 The ARC must ensure that the internal audit function is subjected to an independent quality review, in line with IIA standards at least every five (5) years or more frequently if the ARC determines it appropriate, as a measure to ensure the function remains effective.

5.9.5 The ARC will ensure that it discloses its view on the effectiveness of the Internal Audit Executive and the Internal Audit function in the Integrated Report or the Annual Financial Statements (as best suited).

#### 5.10 RISK MANAGEMENT FUNCTION

5.10.1 Oversight of the risk management function of the Group is the responsibility of the ARC.

5.10.2 The ARC must ensure that it has an understanding of and adequate level of comfort regarding the Group's processes for identifying, managing and reporting on risk. In this regard, the ARC will specifically:

- review and approve the annual risk management and monitoring plan;
- review, monitor and challenge Group management's assessment, measurement and reporting of key risks, trends, risk events and concentrations as reported; and
- review, monitor and challenge the adequacy and effectiveness of management plans and associated actions in response to material risks.

5.10.3 The ARC will ensure that it obtains and reviews periodic independent assurance on the effectiveness of risk management.

5.10.4 The ARC will ensure that the following disclosures are made in relation to risk governance in the Integrated Report or the Annual Financial Statements (as best suited):

- an overview of the arrangements for governing and managing risks;
- key areas of focus during the reporting period, including objectives, the key risks that the Group faces, as well as undue, unexpected or unusual risks and risk taken outside of risk tolerance levels;
- actions taken to monitor the effectiveness of risk management and how the outcomes were addressed;
- planned areas of future focus; and
- the nature and extent of the risks and opportunities the Group is willing to take without disclosing sensitive information.

## 5.11 COMPLIANCE WITH LAWS AND REGULATIONS

5.11.1 The ARC delegates to Management the responsibility for effective compliance management with reference to laws and regulations applicable to the Group's business.

5.11.2 The ARC will exercise ongoing oversight of compliance. In particular, the ARC will:

- review and approve the Group's compliance strategy, framework, policies, procedures and methodologies;
- review and approve the annual compliance management and monitoring plan;

- monitor and review the regulatory compliance processes and procedures, providing oversight over compliance reporting and adequacy of management actions to correct reported compliance breaches;
- monitor and review major litigation and other material legal issues as reported;
- monitor and review developments and prospective changes in the regulatory environment as reported, to evaluate the impact on the Group's strategy and business plan;
- be informed of any monitoring or enforcement actions against the Group, for example by a regulatory agency, on a timely basis;
- confirm and evaluate management's and the company secretary's sign off regarding compliance with relevant laws and regulations; and
- obtain regular updates from management and/or the Group's legal counsel regarding any other relevant compliance matters.

5.11.3 The ARC will ensure that it obtains and reviews periodic independent assurance on the effectiveness of compliance management, where considered necessary.

5.11.4 The ARC will ensure that the following disclosures in relation to compliance governance are contained in the Integrated Report or the Annual Financial Statements (as best suited):

- an overview of the arrangements for governing and managing compliance;
- key areas of focus during the reporting period;

- actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed;
- planned areas of future focus;
- material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, whether imposed on the Group or on Board members; and
- details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance.

## **6. REPORTING**

The ARC has the responsibility to review the Group's annual financial statements, interim reports, preliminary or provisional result announcements, integrated report and any other intended release of price-sensitive information, trading statements and similar documents.

### **6.1 FINANCIAL REPORTING AND FINANCIAL STATEMENTS**

#### **6.1.1 The ARC must:**

- 6.1.1.1** review material accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements, and understand their impact on the Company's financial statements;
- 6.1.1.2** approve changes to accounting policies;

- 6.1.1.3 consider significant matters in relation to the annual financial statements as communicated by the auditors, and exercise judgement in deciding how to appropriately deal with such matters;
- 6.1.1.4 review and recommend for approval to the Board, the Group's annual financial statements, and consider whether such financial statements are consistent with information known to ARC members;
- 6.1.1.5 together with the Group's management and its external auditors review all matters required to be reported to the ARC in terms of international auditing standards;
- 6.1.1.6 review with the Group's management and its external auditors, and recommend for approval to the Board, the Group's interim financial reports and consider whether they are complete and consistent with the information known to ARC members;
- 6.1.1.7 review any material legal matters which could significantly impact on the Group's financial statements; and
- 6.1.1.8 consider the Company's culture and understanding the relevance to financial reporting and compliance.
- 6.1.2 For the ARC to assist the Board to make a statement on the going concern status of the Company, it must review a documented assessment prepared by management of the going concern status of the Company.
- 6.1.3 The ARC will ensure that the significant matters considered in relation to the annual financial statements and how these were addressed by the ARC are disclosed in the Integrated Report or the Annual Financial Statements (as best suited).

## 6.2 INTERIM RESULTS

6.2.1 The ARC must consider whether the external auditor should perform assurance procedures on interim results and make a recommendation to the Board in this regard.

6.2.2 Where the external auditor is engaged to perform a review of the interim results, the ARC should review the results of such engagement.

## 6.3 INTEGRATED REPORTING

6.3.1 The ARC will review and evaluate the Group's integrated reporting, as follows:

- consider any factors that may predispose the management to present an incomplete or misleading picture of the Group's position, performance or sustainability;
- evaluate the significant judgments and reporting decisions affecting the Integrated Report made by management, including changes in accounting policies, decisions requiring a major element of judgment and the clarity and completeness of the proposed financial and sustainability disclosures;
- review forward-looking statements of financial or sustainability information contained within the Integrated Report to ensure that the information provides a proper appreciation of the key drivers that will enable the Group to achieve these forward-looking goals;
- ensure independent assurance is obtained, where considered necessary, over the integrity of the Integrated Report, in particular the non-financial information contained within; and

- recommend the Group's Integrated Report to the Board for approval.

6.3.2 The Board is responsible for the integrity of sustainability reporting. The ARC is tasked by the Board to assist by evaluating the integrity of disclosures in the sustainability report and assessing the reliability of information and that no conflicts or differences arise when compared with the financial results.

6.3.3 The ARC will recommend to the Board to engage an external assurance provider to provide assurance over material elements of the sustainability report, where deemed necessary. The ARC will evaluate the independence and credentials of the external assurance provider.

6.3.4 The ARC will approve and review the transparent tax policy, that is compliant with applicable laws, but is also congruent with responsible corporate citizenship taking into account possible reputational issues and where deemed necessary consult with the Social and Ethics Committee and will consider and recommend for approval by the Board the approach and reporting of tax transparency.

#### 6.4 ASSURANCE OF EXTERNAL REPORTING

6.4.1 External reports should disclose information about the type of assurance process applied to each report, in addition to the independent, external audit opinions provided in terms of legal requirements. This information should include a:

- brief description of the nature, scope and extent of the assurance functions, services and processes underlying the preparation and presentation of the report; and

- statement by the Board on the integrity of the report and the basis for this statement, with reference to the assurance applied.

## 6.5 ARC REPORT

6.5.1 The ARC will prepare a report, to be included in the annual financial statements for that financial year, including:

- describing how the ARC carried out its functions;
- stating whether the ARC is satisfied that the external auditor was independent of the Group;
- commenting in any way the ARC considers appropriate on the financial statements, the accounting practices and the internal financial controls of the Group; and
- stating whether or not the ARC recommended the integrated report to the Board for approval.

## 6.6 REPORTING TO THE BOARD

The ARC will:

- 6.6.1 report to the Board on how it has discharged its duties, statutory as well as those assigned to it by the Board, during the financial year;
- 6.6.2 confirm annually to the Board that all responsibilities outlined in this Terms of Reference have been carried out; and
- 6.6.3 make submissions to the Board on any matter concerning the Group's accounting policies, financial control, records and reporting.



## **7. OTHER RESPONSIBILITIES**

### **7.1 STAKEHOLDER ENGAGEMENT**

7.1.1 The ARC receives and deals appropriately with any concerns or complaints, whether from within or outside the Group, or on its own initiative, relating to:

- accounting practices and internal audit of the Group;
- the content or auditing of the Group's financial statements;
- any related matter.

7.1.2 The Chairman (or in his / her absence an alternate member) of the ARC shall attend the annual general meeting of the Company to answer questions related to all matters falling within the ambit of the ARC's responsibilities.

## **8. EVALUATION**

8.1 The ARC must perform an evaluation, at least every two years, of the effectiveness of the Committee and its members, including the Chairman of the ARC, to ensure they are adequately performing their responsibilities in compliance with this charter.

8.2 In addition, the Board must evaluate, at least every two years, the committee's performance in terms of its composition, mandate and effectiveness.

8.3 Every four years, an independent assessment of the Committee and its members, including the Chairman of the ARC, will be performed by an external service provider.

## **9. REVIEW**

The ARC will review and assess the adequacy of this Terms of Reference annually, requesting Board approval for material changes and ensure appropriate disclosure as may be required by law or regulation.

## APPENDIX 1 – DISCLOSURE CHECKLIST

The following checklist summarises the disclosures required within the Annual Financial Statements and Integrated Report, which is contained within the detailed paragraphs above:

Disclosure	Source	Terms of Reference Paragraph
The ARC's views on the effectiveness of the design and implementation of <b>internal financial controls</b> , and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error.	King IV, Part 5.3, Paragraph 59 (e)	6.1.1.3
Results of the ARC's review of the expertise, resources and experience of the Group's <b>finance function</b> .	King IV, Part 5.3, Paragraph 59 (f)	6.1.2.1
Results of the ARC's annual review of the suitability, experience and expertise of the Company's <b>financial director</b> .	King IV, Part 5.3, Paragraph 59 (f)	6.1.2.2
<b>Information and technology governance</b> disclosures: <ul style="list-style-type: none"> <li>• an overview of the arrangements in place for governing and managing technology and information;</li> <li>• key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents;</li> <li>• actions taken to monitor the effectiveness of technology and information management and how outcomes were addressed; and</li> <li>• planned areas of future focus.</li> </ul>	King IV, Part 5.4, Paragraph 17	6.1.4.5
The arrangements in place for <b>combined assurance</b> and the ARC's view on its effectiveness.	King IV, Part 5.3, Paragraph 59 (g)	6.2.1.6

Disclosure	Source	Terms of Reference Paragraph
<p>Statement as to whether the ARC is satisfied that the <b>external auditor</b> is <b>independent</b> of the organisation, with reference to:</p> <ul style="list-style-type: none"> <li>▪ the policy and controls in place to address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year;</li> <li>▪ the tenure of the external audit firm and significant changes in management during this time which may mitigate familiarity risk; and</li> <li>▪ the rotation of the designated external audit partner.</li> </ul>	King IV, Part 5.3, Paragraph 59 (a)	6.2.2.10
The ARC's views on the <b>quality of external audit</b> , with reference to audit quality indicators.	King IV, Part 5.3, Paragraph 59 (c)	6.2.2.11
A statement on whether or not the ARC considered and recommended the <b>internal audit Terms of Reference</b> for approval by the Board.		6.2.3.5
The ARC's views on the effectiveness of the <b>Internal Audit Manager and the Internal Audit Function</b> .	King IV, Part 5.3, Paragraph 59 (d)	6.2.3.6
<p><b>Risk governance</b> disclosures:</p> <ul style="list-style-type: none"> <li>▪ an overview of the arrangements for governing and managing risks;</li> <li>▪ key areas of focus during the reporting period, including objectives, the key risks that the Group faces, as well as undue, unexpected or unusual risks and risk taken outside of risk tolerance levels;</li> <li>▪ actions taken to monitor the effectiveness of risk management and how the outcomes were addressed;</li> <li>▪ planned areas of future focus; and</li> </ul>	King IV, Part 5.4, Paragraph 9	6.2.4.4

Disclosure	Source	Terms of Reference Paragraph
<ul style="list-style-type: none"> <li>▪ the nature and extent of the risks and opportunities the Group is willing to take (without disclosing sensitive information).</li> </ul>		
<p><b>Compliance governance</b> disclosures:</p> <ul style="list-style-type: none"> <li>▪ an overview of the arrangements for governing and managing compliance;</li> <li>▪ key areas of focus during the reporting period;</li> <li>▪ actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed;</li> <li>▪ planned areas of future focus;</li> <li>▪ material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, whether imposed on the Group or on Board members; and</li> <li>▪ details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance.</li> </ul>	King IV, Part 5.4, Paragraphs 23 to 25	6.2.5.4
<p><b>Significant matters</b> that the ARC considered in relation to the annual financial statements and how these were addressed by the ARC.</p>	King IV, Part 5.3, Paragraph 59 (b)	6.3.1.3
<p><b>External reports</b> should disclose information about the type of assurance process applied to each report, in addition to the independent, external audit opinions provided in terms of legal requirements. This information should include:</p> <ul style="list-style-type: none"> <li>▪ a brief description of the nature, scope and extent of the assurance functions, services and processes underlying the preparation and presentation of the report; and</li> <li>▪ a statement by the Board on the integrity of the report and the basis for this statement, with reference to the assurance applied.</li> </ul>	King IV, Part 5.4, Paragraph 47	6.3.4

<b>Disclosure</b>	<b>Source</b>	<b>Terms of Reference Paragraph</b>
The <b>Annual ARC Report</b> disclosures: <ul style="list-style-type: none"><li>▪ describe how the ARC carried out its functions;</li><li>▪ state whether the ARC is satisfied that the external auditor was independent of the Group;</li><li>▪ comment in any way the ARC considers appropriate on the financial statements, the accounting practices and the internal financial controls of the Group;</li><li>▪ describe the working relationship with the chief audit executive; and</li><li>▪ state whether or not the ARC recommended the integrated report to the Board for approval.</li></ul>	Companies Act	6.3.5.1